

EXHIBIT 1-St. Anthony's Memorial Hospital

CORPORATE INTEGRITY AGREEMENT

St. Anthony's Memorial Hospital

I. Preamble

St. Anthony's Memorial Hospital ("St. Anthony's") agrees to implement this Corporate Integrity Agreement (the "Agreement") to prevent fraud, abuse, and false billing to the Medicare program by St. Anthony's, its subsidiaries, its employees and those individuals or entities that are directly involved in or responsible for the furnishing of items or services billed to the Medicare program in the name of defendant, or who prepare or submit claims to the Medicare program in the name of defendant, or an organization controlled by defendant. The Certification and Report Requirements contained in this Agreement shall be maintained so as to ensure, to the extent reasonably possible, that St. Anthony's and each of its directors, officers, employees and contractors maintain the business integrity required of a participant in federally funded health care programs, and that St. Anthony's is in compliance with all laws and regulations applicable to such programs and with the terms of this Corporate Integrity Agreement. The period of future integrity obligations assumed by St. Anthony's under this Agreement shall be three (3) years from the date of execution of this Agreement.

II. Report, Notice and Training Requirements

St. Anthony's agrees to implement the following measures within 60 days of the date of execution of this Agreement, unless otherwise specified below:

A. Appointment of Compliance Officer and Corporate Compliance Committee

St. Anthony's shall appoint a Compliance Officer (CO) who shall chair a Compliance Committee that shall be responsible for implementation of this Corporate Integrity Agreement. The CO may be a corporate officer. The members of the Compliance Committee shall include the CO, the Chief Operating Officer of St. Anthony's, and an outside director of St. Anthony's. St. Anthony's may appoint others to the Compliance Committee whom it deems appropriate.

EXHIBIT 1-St. Anthony's Memorial Hospital

B. Billing Procedures

St. Anthony's shall review, on an annual basis, the billing policies, procedures and practices at all St. Anthony's health care facilities. Such review may be performed by employees of St. Anthony's or by an independent review organization, such as a law firm or an accounting firm. The review shall be aimed at ensuring that the Medicare program is billed appropriately for services which are rendered as claimed. The entity performing the review shall provide a written report describing the scope and methodology of the review along with any findings and corrective actions taken by St. Anthony's as a result of the review. The report shall be submitted to HHS/OIG no later than 45 days following the completion of the review.

C. Treatment of Credits

St. Anthony's shall, upon request, provide to HHS/OIG all documentation relating to St. Anthony's policies and procedures concerning credit balances, including information to be retained on tape or diskettes if necessary so that when the computer system is purged a complete audit trail continues to be preserved. In addition, St. Anthony's will implement procedures to ensure the accurate tracking of credit balances, including the status of refund requests or execution of a check request for refund, in accordance with applicable Medicare laws, regulations and/or requirements of the fiscal intermediary. A credit balance report shall be required to be prepared monthly, and will be reviewed and monitored by appropriate personnel. This report shall reflect the source of payment that created the account as well as the tracking of refunds, and requests for refunds as discussed herein. St. Anthony's shall undertake a semi-annual review of its treatment of credit balances and preparation of claims data to HCFA such as forms 838 and UB92. The purpose of said review is to enhance St. Anthony's treatment of Medicare credit balances and improve the integrity of its financial and patient accounts system. The results of this semiannual review will be provided to HHS/OIG in the manner described above.

EXHIBIT 1-St. Anthony's Memorial Hospital

D. Corporate Integrity Policy

Within 120 days of the execution of this Agreement, St. Anthony's shall implement written policies regarding its commitment to accurate billings consistent with published Medicare statutes, regulations and program requirements, including those laws and regulations related to credit balances. These policies shall be adopted by the Board of Directors and distributed to all employees who are involved in the submission of claims to the Medicare program. St. Anthony's shall post in a prominent place accessible to each employee, a notice detailing its commitment to comply with all applicable Medicare laws, regulations and program requirements in the conduct of its business. A copy of the policies and notice will be available for review upon request by HHS/OIG or its duly authorized representative.

E. Information and Education

St. Anthony's shall institute and maintain an information and education program designed to ensure that each corporate officer and director, as well as each employee involved in the Medicare billing process, is aware of all applicable Medicare laws, regulations, and program requirements that such individual is expected to follow and the consequences both to the individual and Hospital that will ensue from any violation of such requirements. Each officer, director and employee involved in the Medicare billing process, shall receive at least one hour of initial training regarding this Corporate Integrity Agreement.

St. Anthony's shall also implement a training program for its patient accounts staff, including clerical employees involved in preparing or submitting claims to the Medicare program, including HCFA Forms 838 or UB92 through St. Anthony's or its subsidiaries. This program shall provide for not less than three (3) hours annually of formal training in the submission of claims or refunds related to services rendered to Medicare beneficiaries, the personal obligation of each individual involved in the claims process to ensure that such claims are accurate, the legal sanctions for improper claims, and examples of improper claims.

EXHIBIT 1-St. Anthony's Memorial Hospital

Such training shall also be included in the formal orientation of employees including Patient Accounts staff and all billing managers.

St. Anthony's shall certify that such training has been provided in its Annual Report described in Section II. H. below. The format, dates, and materials provided shall be available upon request by HHS/OIG or its duly authorized representative.

F. Confidential Disclosure Program

St. Anthony's shall establish a confidential disclosure program, or Hotline, enabling employees to disclose any violations, including billing practices or procedures, to the CO, or his or her designee. St. Anthony's shall, as part of the program, require the internal review of any such disclosure and ensure that a proper follow-up investigation is conducted, when appropriate. St. Anthony's shall report the results of any such investigation to HHS/OIG not later than sixty days after receipt of the confidential disclosure. St. Anthony's shall include in its annual report to HHS/OIG a summary of allegations received under the confidential disclosure program, and the results of any subsequent internal investigations.

G. Dealing with Excluded or Convicted Persons or Entities

St. Anthony's shall implement a written internal operating policy that St. Anthony's shall not knowingly employ an individual or entity who is listed by a federal agency as debarred, suspended or otherwise ineligible for federal health care program participation. In order to carry out this policy, St. Anthony's shall make reasonable inquiry into the status of any current or potential employee or consultant. Such reasonable inquiry shall include, at a minimum, review of the HHS/OIG Cumulative Sanctions Report (Internet address:

[HTTP://WWW.SBAONLINE.SBA.GOV/IGNET/INTERNAL/HHS/OEC.HTML](http://WWW.SBAONLINE.SBA.GOV/IGNET/INTERNAL/HHS/OEC.HTML)) and the General Services Administration List of Parties Excluded from Federal Procurement and Non-Procurement Programs (Internet address:

[HTTP://WWW.ARNET.GOV/EPLS](http://WWW.ARNET.GOV/EPLS)).

EXHIBIT 1-St. Anthony's Memorial Hospital

St. Anthony's policy does not require St. Anthony's to terminate the employment of individuals who are proposed for suspension or debarment during their employment with St. Anthony's. St. Anthony's, however, will remove such employees from responsibility for, or involvement with, St. Anthony's Medicare business operations until the resolution of such suspension or proposed debarment. In addition, if any employee of St. Anthony's is charged with a criminal offense resulting from his or her direct and personal misconduct, relating to its Medicare business, St. Anthony's will remove that employee immediately from responsibility for or involvement with St. Anthony's Medicare business affairs. If the employee is convicted or debarred, St. Anthony's policy requires that the employee will be terminated from employment with St. Anthony's. St. Anthony's shall notify HHS/OIG of each such personnel actions taken and the reasons therefore, within 15 days of the action.

St. Anthony's shall not allow, or cause to be allowed, any person convicted in any local, state or federal court of a crime involving health care matters to hold the position of officer or director of St. Anthony's, or any of its subsidiaries.

H. Annual Report

St. Anthony's shall make an Annual Report to HHS/OIG describing the measures it has taken to implement and ensure compliance with the terms of this Agreement. Such report shall include:

- (1) any revisions or amendments to the policies and procedures concerning credit balances;
- (2) any revisions or amendments to the Corporate Integrity Policy developed pursuant to section II.D. of this Agreement;
- (3) a schedule and topic outline of training performed pursuant to section II.E. of this Agreement;
- (4) a summary of communications received from the confidential disclosure program and the results of any investigations performed as a result of these inquiries;

EXHIBIT 1-St. Anthony's Memorial Hospital

- (5) a summary of the background inquiries conducted pursuant to section II.G. above and any personnel actions taken as a result of these inquiries;
- (6) a statement about any ongoing investigation or legal proceeding conducted or brought by a governmental entity involving an allegation that St. Anthony's has committed a crime or fraud, including a description of the allegation, the identity of the investigating or prosecuting agency, and the status of such investigation or legal proceeding;
- (7) the names of St. Anthony's officers, directors and compliance committee members.

The report should include a statement, if applicable, that no events identified in (1) through (6) of this section occurred. The annual report shall be submitted on the anniversary date of the execution of this Agreement for the duration of the Agreement.

III. OIG Inspection, Audit and Review Rights

In addition to any other right that HHS/OIG may have by statute, regulation, contract or pursuant to this Agreement, HHS/OIG or its duly authorized representative(s) may examine St. Anthony's books, records, and other company documents and supporting materials for the purpose of verifying and evaluating: (a) St. Anthony's compliance with the terms of this Agreement; (b) St. Anthony's business conduct in its dealing with the United States Government, or any agencies or agents thereof; and (c) St. Anthony's compliance with the laws, regulations and program requirements of the Medicare program. The documentation described above shall be made available by St. Anthony's at all reasonable times for inspection, audit or reproduction. Furthermore, for purposes of this provision, HHS/OIG or its duly authorized representative(s) may interview any St. Anthony's employee who consents to be interviewed at the employee's place of business during normal business hours or at such other place and time as may be mutually agreed upon between the employee and HHS/OIG or its duly authorized representative. Employees may elect to be interviewed with or without a representative of St. Anthony's present.

EXHIBIT 1-St. Anthony's Memorial Hospital

IV. Document and Record Retention

St. Anthony's shall maintain for inspection documents and records relating to Medicare reimbursement for a period of four (4) years following the execution of this Agreement.

V. Breach and Default Provisions

St. Anthony's compliance with the terms and conditions to this Agreement shall constitute an element of St. Anthony's present responsibility with regards to participation in the Medicare program. St. Anthony's failure to meet any of its obligations pursuant to the terms and conditions of this Agreement constitutes a separate cause for exclusion.

In the event that HHS/OIG believes St. Anthony's has materially breached one or more of its obligations under the Agreement, HHS/OIG shall notify St. Anthony's of the alleged breach by certified mail, specifying the nature and extent of the alleged breach. St. Anthony's will have thirty (30) days from receipt of the notice to: (a) cure said breach; or (b) otherwise satisfy HHS/OIG that it is (1) in full compliance with this Agreement or (2) that the breach cannot be reasonably cured within 30 days, but that St. Anthony's has taken action to cure the breach and is pursuing such action with due diligence.

If, at the end of the thirty day period described above, HHS/OIG determines that St. Anthony's continues to be in material breach of one or more of its obligations under this Agreement, HHS/OIG may, in writing and by certified mail, declare St. Anthony's to be in default and initiate proceedings to suspend or exclude St. Anthony's from participation in the Title XVIII (Medicare) program, the Title XIX (Medicaid) program and other Federal health programs as defined in Title 42 U.S.C. § 1320a-7b(6)(f) until such time as the breach is cured. In the event St. Anthony's fully cures the material breach or otherwise satisfies HHS/OIG, it will be promptly reinstated, retroactive to the date of cure.

Upon notification by HHS/OIG of its intent to exclude, St. Anthony's shall be entitled to the due process afforded a provider under 42 U.S.C. § 1320a-7(f). Notwithstanding any provision of Title 42 of the United States Code or Chapter 42 of the Code of Federal Regulations, the only issues in a proceeding for exclusion

EXHIBIT 1-St. Anthony's Memorial Hospital

based on a breach of this Agreement shall be (1) whether St. Anthony's was in material breach of one or more of its obligations under this Agreement, at the time of and as specified in the Notice of Intention to Exclude Letter; and (2) whether such breach was continuing on the date on which HHS/OIG notified St. Anthony's of its proposal to exclude; and whether St. Anthony's failed to cure the material breach or otherwise satisfy HHS/OIG within 30 days after receiving notice thereof from HHS/OIG.

VI. Costs Related to Additional Audits

In addition to the obligations assumed by St. Anthony's under the Agreement and as described above, if HHS/OIG determines that it is necessary to conduct an independent audit or review to determine whether or to the extent to which St. Anthony's is complying with its obligation under this Agreement, St. Anthony's agrees to pay for the reasonable cost of any such audit or review.

VII. Other Matters

A. Independent Actions

Nothing in this Agreement limits the authority of the Government (including HHS/OIG) to initiate any criminal, civil or administrative cause of action against St. Anthony's where such cause of action has an independent basis in statutory or common law.

B. Address

All reports and notifications required under this Agreement shall be sent to :


Office of Counsel to the Inspector General
Office of Inspector General
U.S. Department of Health and Human Services
Cohen Building, Room 5527
330 Independence Avenue, S.W.
Washington, D.C. 20201
(202) 619-2078
Fax (202) 205-0604

EXHIBIT 1-St. Anthony's Memorial Hospital

C. Execution and Amendment

This Agreement may not be changed, amended or modified, except in writing and signed by all parties to this Agreement. This Agreement shall be considered executed upon the signing of all of the parties.

1/16/98
Date



Lewis Morris
Assistant Inspector General for Legal Affairs
Office of Inspector General
Department of Health and Human Services

Date

St. Anthony's Memorial Hospital

Date

Harry R. Silver, Esq.
Ober, Kaler, Grimes & Shriver
Counsel for Defendant

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Date

Louis Morris
Assistant Inspector General for Legal Affairs
Office of Inspector General
Department of Health and Human Services

12-31-97
Date

Dave Starn
St. Anthony's Memorial Hospital

1/6/98
Date

Harry R. Silver, Esq.
Oben, Kaler, Grimes & Silver
Counsel for Defendant